

**PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 2019-077-00336R

Parcel No. 00899-672-016

Trumaine Jones,

Appellant,

vs.

Polk County Board of Review,

Appellee.

Introduction

The appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on April 28, 2020. Trumaine Jones was self-represented. Assistant Polk County Attorney David Hibbard represented the Board of Review.

Trumaine Jones owns a residential property located at 5168 NW 58th Avenue, Johnston, Iowa. Its January 1, 2019, assessment was set at \$298,000.

Jones petitioned the Board of Review claiming the property was assessed for more than the value authorized by law. Iowa Code § 441.37(1)(a)(2) (2019). The Board of Review lowered the assessment to \$287,300, allocated as \$65,900 in land value and \$221,400 in building value. (Ex. B).

Jones then appealed to PAAB reasserting his claim.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may

consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005).

Findings of Fact

The subject property is a two-story home built in 2015. It has 1722 square feet of gross living area, three-and-one-half bathrooms, 432 square feet of average-plus-quality basement finish, an open porch, a deck, and a two-car attached garage. The improvements were listed in normal condition with a 3-05 Grade (good quality). The site is 0.412 acres. (Ex. A).

Jones submitted a Brokers Price Opinion (BPO) completed by Joshua McCoy, McCoy Real Estate, LLC. Jones testified McCoy was hired by his lender to provide the valuation so he would no longer be required to maintain private mortgage insurance. He stated there have been no changes to the property since the BPO was completed. McCoy inspected the subject property in October 2018 and opined a market value of \$265,000. McCoy reported the property's "recent basement finish and unusually large lot" would be selling points for the property but also notes the property's two car garage would be a drawback. (Ex. 1, p. 5).

McCoy included three active listings and three sales to support his final value opinion, which are summarized in the following table. (Exs. 1, & L-W).

Address	Site Size (Acres)	Design	Year Built	Gross Living Area (SF)	Basement Finish (%)	Sale Date	List or Sale Price	Adjusted Price
Subject	0.41	2 Story	2015	1722	51	NA	NA	NA
L1 – 5816 Pine Ct	0.194	1 Story	2015	1537	0	NA	\$275,000	\$279,147
L2 – 5817 Pine Ct	0.194	1 Story	2014	1464	0	NA	\$255,000	\$261,634
L3 – 6034 Four Pines St	0.21	2 Story	2005	1532	78	NA	\$235,000	\$242,870
S1 – 6100 Four Pines St	0.19	2 Story	2005	1964	84	6/2018	\$270,000	\$266,034
S2 – 6033 Four Pines St	0.206	2 Story	2005	2065	50	5/2018	\$250,000	\$242,611
S3 – 5805 Pine Ct	0.194	1 Story	2015	1468	0	8/2018	\$245,000	\$251,542

The subject property and L3 and S1 have two-car garages, the remaining properties have 3-car garages. We note two of the listings subsequently sold: 5816 Pine Court sold in July 2019 for \$277,000 and 5817 Pine Ct sold in November 2018 for \$250,000. (Exs. N-Q).

The Board of Review does not believe the BPO is an accurate reflection of market value due to many of the comparables being different in design and dissimilar in size. Chief Deputy Assessor Amy Rasmussen testified on behalf of the Board of Review. She believes better comparables are available. In her opinion L1, L2, and S3 are not comparable to the subject due to being one-story homes. We agree the different designs impair their comparability and McCoy made no adjustment for this difference. Further, L1 and L2 are not closed sales. For these reasons, we give L1, L2, and S3 no further consideration.

We also give no consideration to L3. It is not a closed sale. Further, Rasmussen testified that although L3 is a two-story home she does not believe is similar in style or layout to the subject.

The Board of Review agrees that S1 and S2 are good comparables, but contends McCoy's adjustments are not realistic, and therefore the adjusted sale prices do not truly represent the subject's market value.

Specifically, Rasmussen questioned the site size adjustments. She noted the \$1000 and \$1100 site size adjustments are understated because the subject site is approximately twice as large as the comparables. For instance, the subject property is 0.412 acres, assessed for \$65,900. Comparatively, S1, S2, and S3 have sites ranging from 0.194 to 0.21 acres with assessed site values between \$40,600 to \$44,900. (Exs. L-M, & T-W). She also noted many of the properties are ten years older than the subject but only a \$500 adjustment was made for this fact. (Exs. A, M, & U). Additionally, when questioned, Rasmussen indicated the garage count adjustment appeared low for properties of this quality. Cumulatively, correcting the adjustments for site size and age would raise the comparables' adjusted prices and that would be partly, but not completely, offset by a larger garage adjustment.

The Board of Review submitted five sales it asserts are more similar in style and size to the subject, which are summarized in the following table. (Exs. D-M).

Address	Site Area (Acre s)	Year Built	Gross Living Area (SF)	Basement Finish %	Sale Date	Price
Subject	0.412	2015	1722	51	NA	NA
B1 – 5812 NW 52nd St	0.223	2015	1562	0	5/2018	\$255,000
B2 – 6258 NW 49th St	0.270	2006	1643	0	12/2018	\$230,000
B3 – 4812 Rose Cir	0.248	2006	1798	0	2/2018	\$243,000
B4 – 5002 Meadow Cir	0.241	2005	1610	0	6/2018	\$238,000
B5 – 6100 Four Pines St	0.187	2005	1964	0	6/2018	\$270,000

6100 Four Pines Street is also used in the McCoy BPO. McCoy reported this sale as having 84% basement finish and three-and-one-half bathrooms. (Ex. 1, p. 4). The Assessor's records for this sale indicate it does not have any basement finish and only two-and-one-half bathrooms. (Exs. L & M). This property's 2019 assessment was set at \$238,800, but its sales price for \$270,000 suggests McCoy's reporting is correct and the basement has finish and another bathroom that is not currently assessed. 6100 Four Pines Street is the only comparable used by McCoy and the Board of Review.

The Board of Review made no adjustments to its comparables to arrive at a value for the subject as of January 1, 2019. The subject property is graded a 3-05 and the comparables range from 3-05 to 4+10. The subject property, B2, B3, and B4 have two-car garages whereas B1 and B5 have three-car garages. With the exception of the subject, the properties with two-car garages are in the lower end of the range. B1 is also the only property with a walk-out basement. (Exs. D-E).

None of the Board of Review's comparables have sale prices higher than the subject's January 1, 2019 assessed value but all have smaller sites, most lack basement finish, most have fewer bathrooms than the subject, and many are about ten years older than the subject property. The subject's site is also approximately twice the size of many of the comparables, which results in a higher assessed value; the average assessed site value of the sales is around \$14,000 less than the subject property. (Exs. A, D-M). Additionally, the subject's basement finish adds approximately \$11,418¹ to the assessment. (Ex. A, Cost Report). Adjusting for these factors would result in an across-the-board increase to the Board of Review's sales. Lastly, regarding age differences, sales B1 through B4 are substantially similar except for their ages. A comparison of B1's sales price to that of B2 through B4 indicates there may be an age-based price differential; however B1 appears to have sold on contract, which without additional information, may have impacted the sales price. (Ex. D).

Analysis & Conclusions of Law

Jones contends the subject property is over assessed as provided under Iowa Code section 441.37(1)(a)(2).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd*

¹ \$12,528 replacement cost new X 0.98% physical depreciation X 0.93 Neighborhood (location) adjustment = \$11,418.

Cnty. Bd. of Review, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted). Sales prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. § 441.21(1)(b). Sale prices of property in abnormal transactions not reflecting market value shall not be taken into account or shall be adjusted to account for market distortion. *Id.*

In protest or appeal proceedings when the complainant offers competent evidence that the market value of the property is less than the market value determined by the assessor, the burden of proof thereafter shall be upon the officials or persons seeking to uphold such valuation. Iowa Code §441.21(3)(b)(2) (2019). To be competent evidence, it must “comply with the statutory scheme for property valuation for tax assessment purposes.” *Soifer*, 759 N.W.2d at 782 (citations omitted).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property’s fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm’s-length sale of the property. *Id.* The sales comparison method is the preferred method for valuing property under Iowa law. *Compiano*, 771 N.W.2d at 398; *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 779 (Iowa 2009); *Heritage Cablevision v. Bd. of Review of Mason City*, 457 N.W. 2d 594, 597 (Iowa 1990). The Iowa Supreme Court has held that market-value testimony by a taxpayer’s witness is “competent” only if the properties upon which the witness relied for their opinion were comparable. *Soifer*, 759 N.W.2d at 782. “Whether other property is sufficiently similar and its sale sufficiently normal to be considered on the question of value is left to the sound discretion of the trial court.” *Id.* at 783 (citing *Bartlett & Co Grain*, 253 N.W.2d 86, 94 (Iowa 1977)). The requirement that evidence be competent “does not mean that it must be credible.” *Id.* at 784 (citing *Johnson v. Iowa Dist. Ct.*, 756 N.W.2d 845, 850 n.4 (Iowa 2008)). “When sales of other properties are admitted, the market value of the assessed property must be adjusted to account for differences between the comparable property and the assessed property to the extent

any differences would distort the market value of the assessed property in the absence of such adjustments.” *Id.* at 783.

Jones submitted the McCoy BPO. We find the BPO complies with the statutory scheme, indicates the property’s value is less than the current assessment, and shifts the burden to the Board of Review.

In support of the assessment, the Board of Review submitted five 2018 sales of two-story homes. One sale was also considered by McCoy. The sales prices ranged from \$230,000 to \$270,000 compared to the subject’s 2019 assessment of \$287,300. All of them have smaller lots, most lack basement finish, and have fewer bathrooms. Additionally, the majority are older than the subject and the sales suggest there may be an age-based price differential in this neighborhood. Although the Board of Review did not adjust the properties for differences between them and the subject property, these factors would result in a higher adjusted sale price for each of them and would tend to support the subject’s 2019 assessed value.

In addition to offering its own sales, the Board of Review also asserts the McCoy BPO, though using adjusted comparables, is not a reliable indication of the subject property’s market value. It noted McCoy relied on one-story homes, which are dissimilar to the subject property and other two-story homes were available for consideration. We give the one-story properties no consideration because two are not closed sales and none were adjusted for design differences.

Additionally, the Board of Review believes McCoy’s adjustments to the comparables are understated, resulting in an undervaluation of the subject. We agree the adjustments McCoy made to the sales appear too low, especially those for site size and age. Therefore, we conclude the BPO is not a reliable indicator of the subject property’s market value.

Of all the properties in the record, both McCoy and the Board of Review believe the sale of 6100 Four Pines Street is comparable to the subject property and it is the only common comparable between them . It is slightly larger and may have slightly

more basement finish. However, it is ten years older than the subject property and has a significantly smaller lot. The property sold in 2018 for \$270,000. Considering the differences between it and the subject property, we find the subject property's current assessment is reasonable and the Board of Review has upheld its burden.

Viewing the record as a whole, we find the subject property is not over assessed.

Order

PAAB HEREBY AFFIRMS the Polk County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A (2019).



Dennis Loll, Board Member



Karen Oberman, Board Member



Elizabeth Goodman, Board Member

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Trumaine Jones by eFile

Polk County Board of Review by eFile